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CINCPAC ALSO FOR POLAD

E.O. 12356: DECL:OADR
 TAGS: PGOV, EAGR, CH, UR
 SUBJECT: CHINA'S NORTHEAST - SINO-SOVIET BORDER RELATIONS,
 WAR CRIMES MEMORIAL, AGRICULTURAL REFORM, PORT CONGESTION

REF: BEIJING 13573

1. (C) - ENTIRE TEXT.

2. SUMMARY: DURING THE LATE SENATOR JACKSON'S
 AUGUST 20-26 VISIT TO CHINA'S NORTHEAST PROVINCES, HE
 WAS TOLD OF DECREASED SOVIET HELICOPTER SURVEILLANCE
 ALONG THE BORDER AND THAT BORDER TRADE IS NOW UNDER WAY.
 OUTSIDE HARBIN, THE CHINESE HAVE PRESERVED THE SITE OF
 JAPANESE BIOLOGICAL WAR CRIMES. CODEL MEMBERS, WHO WERE
 THE FIRST FOREIGNERS TO VISIT A COMMUNE OUTSIDE HARBIN,
 LEARNED THAT DESPITE THE NEW CONTRACT SYSTEM'S INDIVIDUAL
 RESPONSIBILITY FEATURES, MAJOR FARMING TASKS STILL ARE
 BEING PERFORMED COLLECTIVELY. THE REAL DIFFERENCE BROUGHT
 ABOUT BY THE CONTRACT SYSTEM HAS BEEN IN FAMILY STOCK
 RAISING AND IN GREATER PEASANT MOBILITY, INCLUDING WORK
 OUTSIDE THE COMMUNE. AT THE LIAONING PORT OF DALIAN,
 CODEL MEMBERS LEARNED OF PORT CONGESTION AND OF THE CITY'S
 DRIVE FOR GREATER DECISION-MAKING AUTONOMY. END SUMMARY.

3. SINO-SOVIET BORDER RELATIONS: ASKED BY SENATOR JACKSON
 TO DESCRIBE THE SITUATION ALONG THE SINO-SOVIET FRONTIER,
 HARBIN OFFICIALS WERE NOT EXPANSIVE, BUT ONE DID SAY THAT
 IN THE PAST THREE YEARS THE SOVIETS HAD CUT DOWN
 SIGNIFICANTLY ON THEIR HELICOPTER PATROLS ALONG THE

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BORDER AREAS. ON BORDER TRADE, THE OFFICIALS WERE SCARCELY MORE FORTHCOMING. CHINA'S IMPORTS FROM THE SOVIET UNION (CONDUCTED AS BARTER TRADE) CONSIST PRIMARILY OF TIMBER PRODUCTS AND CEMENT; IN RETURN, CHINA IS EXPORTING GRAINS, VEGETABLES, AND LOCAL WINES AND LIQUORS. THE ONLY OTHER VISIBLE SIGN OF IMPROVED SINO-SOVIET RELATIONS COULD BE SEEN OUTSIDE THE MAIN HARBIN RAILROAD STATION. THERE WORK IS UNDERWAY TO REFURBISH THE SOVIET WAR MONUMENT. THE WEATHERED FIGURES OF THE SOVIET SOLDIERS ARE GETTING A NEW COAT OF GREEN PAINT, AND THE REST OF THE MONUMENT, WHICH LOOKED RATHER GRAY AND WEATHERBEATEN, IS BEING REPAINTED WHITE. AT ANOTHER WAR MEMORIAL NEARBY, ONE CAN STILL GET DIFFERING HISTORY LESSONS BY READING THE INSCRIPTIONS: (RUSSIAN) "ETERNAL GLORY TO THE HEROES WHO FELL IN BATTLES FOR THE FREEDOM AND INDEPENDENCE OF THE USSR;" (CHINESE) "ETERNAL GLORY TO THE SOVIET MILITARY HEROES WHO SACRIFICED THEIR LIVES FOR CHINA'S FREEDOM AND INDEPENDENCE IN THE BATTLES FOR LIBERATION OF THE NORTHEAST."

4. JAPANESE WAR CRIMES: ABOUT 20 MINUTES DRIVE FROM HARBIN, NEAR THE PROVINCE'S LARGE ALUMINUM PROCESSING PLANT, THE CHINESE ARE PRESERVING THE SHELL OF A JAPANESE BIOLOGICAL WARFARE FACTORY. THE FACTORY WAS OPERATED BY THE 731ST BATTALION OF THE GUANDONG ARMY, AND WAS IN CONTINUOUS OPERATION UNTIL 1945. WHEN JAPAN'S SURRENDER WAS ANNOUNCED, JAPANESE TROOPS BLEW UP THE FACTORY IN AN EFFORT TO CONCEAL WHAT HAD TAKEN PLACE THERE. ACCORDING TO THE CHINESE WHO ACCOMPANIED CODEL IN HARBIN, THE FACTORY HAD PRODUCED BUBONIC PLAGUE GERMS (SHUYI) WHICH WERE PUT INTO CLAY CONTAINERS AND THEN AIR-DROPPED BY JAPANESE PLANES. EXPERIMENTS INVOLVING HUMAN SUBJECTS WERE ALSO CONDUCTED WITH WAR PRISONERS, POLITICAL PRISONERS, AND THE CHINESE LABORERS WHO BUILT THE FACILITY USED AS GUINEA PIGS. NO BONES HAVE BEEN RECOVERED FROM THE SITE, AS THE VICTIMS WERE ALL CREMATED. THE RUINED FACTORY IS NOT PROMINENTLY IDENTIFIED FROM THE ROAD, AND THE VISIT WAS ONLY ARRANGED AT SENATOR JACKSON'S SPECIFIC REQUEST. INSIDE, THE RUINED MAIN BUILDING IS UNMARKED EXCEPT FOR A SMALL SIGN IN CHINESE WHICH SAYS "EVIDENCE OF THE CRIMES OF JAPANESE MILITARISM WHICH INVADDED CHINA" (RIBEN JUNGUOZHUYI QIN HUA ZUI ZHENG).

5. AGRICULTURAL SITUATION: ON AUGUST 24, CODEL MEMBERS WERE GIVEN A TOUR OF THE "ZHOU JIA" COMMUNE, LOCATED SLIGHTLY MORE THAN AN HOUR'S DRIVE AWAY FROM HARBIN. THEY WERE TOLD THEY WERE THE COMMUNE'S FIRST FOREIGN VISITORS AND SEVERAL HUNDRED PEOPLE TURNED OUT AT THE COMMUNE HEADQUARTERS TO WELCOME AND GAWK. IN ADDITION TO PROVIDING A TEN-COURSE MEAL OF PRODUCTS RAISED ON THE COMMUNE, THE COMMUNE LEADERS ALSO PROVIDED SOME INSIGHTS

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INTO THE WORKINGS OF THE CONTRACT SYSTEM. COMMUNE OFFICIALS LET CODEL MEMBERS READ AN ACTUAL CONTRACT SIGNED IN 1983. IT IS A ONE-PAGE FORM DOCUMENT. ONE SIDE HAS WHAT ONE COULD CALL THE "CONTRACT STIPULATIONS," AND THE OTHER HAS COLUMNS FOR FILLING IN VARIOUS DATA. THERE ARE COLUMNS FOR THE FARMER'S NAME, FAMILY SIZE, AND AGREED PRODUCTION FIGURES. THE CONTRACT IS SIGNED AND KEPT ON RECORD AT THE COMMUNE'S CENTRAL OFFICE.

6. UNDER THE CONTRACT, PEASANTS ARE GIVEN RESPONSIBILITY FOR PRODUCTION ON A GIVEN PIECE OF LAND. IN FACT,

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HOWEVER, THE FIELDS AROUND THE COMMUNE GAVE NO SIGN OF INDIVIDUAL FARMING: THE FIELDS WERE LARGE, UNIFORMLY PLOWED, AND GAVE EVERY INDICATION OF HAVING BEEN PLOWED AND PLANTED IN A COLLECTIVE EFFORT. REGARDLESS OF THE CONTRACTUAL PROVISION FOR HOUSEHOLDER RESPONSIBILITY, IN FACT THE COMMUNE'S PRINCIPAL PRODUCTION ACTIVITY -- RAISING FOOD GRAINS, MOSTLY SORGHUM -- IS CONDUCTED AS A COLLECTIVE ACTIVITY.

7. THE COMMUNE OFFICIALS GAVE FURTHER EVIDENCE THAT THE CONTRACT SYSTEM IS NOT A COMPLETELY FREE-WHEELING ONE. ASKED ABOUT CONTRACT NON-PERFORMANCE, THE OFFICIALS CLAIMED THERE HAD BEEN NONE SO FAR. WHEN PRESSED TO EXPLAIN, THEY ANSWERED THAT OF COURSE SOME PEOPLE WERE MORE INTELLIGENT AND MORE ENERGETIC THAN OTHERS, BUT THE COMMUNE LEADERSHIP TAKES THESE FACTORS INTO ACCOUNT BEFORE THEY ENTER INTO A PRODUCTION CONTRACT. THEY WOULD DEFINITELY NOT SIGN AN EXCEPTIONALLY LARGE AGREEMENT WITH A FARMER THEY KNEW WOULD BE UNABLE TO PERFORM. FURTHERMORE, IN CASES OF NATURAL CALAMITY, THE CONTRACTS COULD ALWAYS BE ADJUSTED TO REFLECT NATURAL CONDITIONS. AS A RESULT, THE DEFAULT RATE HAD BEEN HELD TO ZERO.

8. ALTHOUGH THE FLEXIBILITY AND PRODUCTION INCENTIVES WERE HARD TO DISCERN IN THE COMMUNE'S LARGE GRAIN-PRODUCTION SECTOR, THEY WERE MUCH MORE OBVIOUS IN THE AREAS OF DOMESTIC STOCK AND POULTRY RAISING. BASED ON WHAT COULD BE SEEN OUTSIDE THE MAIN COMMUNE HEADQUARTERS, AT THIS COMMUNE AT LEAST, EMPHASIS SEEMS TO BE MORE ON RAISING SHEEP, PIGS, COWS, AND CHICKENS THAN ON GROWING PRIVATE CROPS. THE MAIN FIELDS EXTEND RIGHT UP TO THE EDGES OF THE HAMLETS, AND INSIDE THE FAMILY COMPOUNDS, MUCH OF THE SPACE WAS GIVEN OVER TO PENS AND TINY BARN. CODEL MEMBERS WERE INTRODUCED TO A SUCCESSFUL YOUNG FARMER WHO NOW HAS THREE COWS, A CALF, SEVERAL PIGS AND ASSORTED CHICKENS AND DUCKS. HE PROUDLY INFORMED CODEL MEMBERS THAT HE HAD MADE SEVERAL THOUSAND YUAN IN 1982. HIS NEXT-DOOR NEIGHBOR IS EVEN MORE SPECIALIZED, BEING DEDICATED EXCLUSIVELY TO RAISING SHEEP, OF WHICH HE HAS ABOUT 30 HEAD.

9. THE OTHER MAJOR CHANGE BROUGHT ABOUT BY THE CONTRACT SYSTEM APPEARS TO BE GREATER PEASANT MOBILITY. CODEL MEMBERS WERE TOLD THAT UNDER THE CONTRACT SYSTEM FARMERS COULD AGREE WITH THEIR NEIGHBORS TO HAVE THEM LOOK AFTER THEIR FARM RESPONSIBILITIES FOR THEM. THE ONLY CONDITION IS THAT THEY HAVE TO BE AT THE COMMUNE FOR PLANTING AND HARVESTING. IN THE INTERIM, THEY CAN DEVOTE THEMSELVES TO THEIR OWN PRODUCTION EFFORTS OR EVEN LEAVE THE COMMUNE TO WORK IN THE CITIES. ACCORDING TO COMMUNE LEADERS, MANY MEMBERS OF THE COMMUNE HAD BEEN LEAVING EVERY YEAR TO WORK IN THE CONSTRUCTION INDUSTRY IN HARBIN AND OTHER PLACES. THEIR WORK OUTSIDE THE COMMUNE HAS BEEN A VALUABLE SOURCE OF ADDITIONAL CASH INCOME FOR MANY PEASANT HOUSEHOLDS. (COMMENT: THE GENERAL AIR OF OPTIMISM DETECTED AT THIS COMMUNE PARALLELS THAT OF OFFICIALS IN BEIJING (REFTEL). END COMMENT).

10. PORT DEVELOPMENTS IN DALIAN: AT AN AUGUST 25 BANQUET AT THE LIAONING PORT OF DALIAN, THE DALIAN MAYOR CONFIRMED THAT THE PORT WAS SUFFERING FROM CONGESTION THAT OFTEN RESULTED IN SHIPS BEING STACKED UP FOR DAYS OR WEEKS. HE SAID THAT DALIAN'S DOCKS HAD A 70 PERCENT OCCUPANCY RATE, WHEREAS OTHER PORTS USUALLY AVERAGED ONLY

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50 PERCENT. (COMMENT: WE REPORT THESE STATISTICS FOR WHAT THEY MAY BE WORTH -- THEY SHED LITTLE LIGHT ON THE SITUATION TO US.) THE MAYOR WOULD LIKE TO SEE MORE DOCKS BUILT, AND EXPRESSED AN INTEREST IN FOREIGN PRIVATE INVESTMENT. LATER THIS FALL, DALIAN IS HOLDING A CONFERENCE FOR POTENTIAL FOREIGN INVESTORS. EMBOFFS TOOK THIS OPPORTUNITY TO REMIND THE MAYOR THAT DALIAN IS A CLOSED CITY, A FACT WHICH MIGHT IMPEDE FOREIGN INVESTMENT. THE MAYOR CONFIRMED THAT DECISIONS ON THE CITY'S STATUS WERE MADE IN BEIJING, BUT HE DID NOT FORECLOSE THE POSSIBILITY OF CHANGE AT SOME LATER DATE.

11. THE MAYOR ALSO CONFIRMED THAT DALIAN IS IN THE PROCESS OF NEGOTIATING FOR GREATER ECONOMIC AUTONOMY. WHEN ASKED WHETHER DALIAN WOULD BE ALLOWED TO MATCH SHANGHAI'S RIGHT TO INDEPENDENTLY ENTER CONTRACTS OF \$10 MILLION OR LESS, THE MAYOR REPLIED THAT DALIAN WOULD BE GETTING THE RIGHT TO MAKE CONTRACTS ON ITS OWN, BUT THE MAXIMUM FIGURE WAS STILL UNDER DISCUSSION. HE HIMSELF THREW OUT THE FIGURES OF \$3 OR \$5 MILLION AS POSSIBILITIES.
HUMMEL

END OF MESSAGE

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